

THE NORTH CHINA  
DEVELOPMENT COMPANY ACT

April 30, 1938  
The Law No. 81

Chapter I  
General Rules

- I The North China Development Company is a joint-stock company established for the purpose of promoting the economic development in North China and of controlling and co-ordinating the said development. Its head office is located in Tokyo.
- II The capital of the North China Development Company is ¥350,000,000. The Company can increase its capital under the Government sanction.
- III The Government shall invest in this Company to the amount of more than one half of its capital.
- The Government shall be permitted to invest with assets other than cash.
- The manner of payment for the shares in the Government's possession shall be permitted to be different from that for the other shares.
- IV The amount of the first payment for the shares of the North China Development Company may be reduced to the minimum of one-sixth of the par value.
- From the second time on the shares in the Government's possession may be payable with assets other than cash.
- IV-Section 2 When the Government wants to invest, according to the second provision of Article III, with assets other than cash, it must refer to the Government Investment Estimation Commission as to the value of the said assets and the number of shares to be given for them; when the Government wants to pay, according to the second provision of Article III, for its shares with assets other than cash, it must refer to the said Commission as to the value of the above-mentioned assets.
- The regulations regarding the Government Investment Estimation Commission shall be promulgated as an Imperial ordinance.

- V When the number of shares in the Government's possession is in excess of the total number of shares of persons other than the Government, the Government cannot exercise the right of voting for the excess shares.
- VI The shares of the North China Development Company shall be registered ones.
- VII Other companies than the North China Development Company shall not be permitted to use the name of the North China Development Company or such like confusing names.
- VIII Alterations in the Articles of Incorporation of the North China Development Company shall be determined by the majority of votes of the shareholders equivalent to more than one half of the capital.

The number of votes which, as provided in Article V, cannot be exercised shall not be counted in the number of votes mentioned above.

#### Chapter II The Officers

- IX The North China Development Company shall have one President, two Vice-Presidents, five or more Directors and two or more Inspectors.

- X The President shall represent the North China Development Company and preside over its business.

When the President cannot attend to his duties, one of the Vice-Presidents shall act in his place, and in the case of the vacancy of Presidency, one of the Vice-Presidents shall perform the duties of the President.

The Vice-Presidents and Directors shall assist the President and they may jointly take charge of or participate in the business duties of the North China Development Company according to the Articles of Incorporation.

The Inspectors shall inspect the business activities of the North China Development Company.

- XI The President and the Vice-Presidents shall be appointed by the Government with the Imperial sanction. Their term of office shall be five years.

The Directors shall be elected at the general meeting of shareholders and appointed with the sanction of the Government. Their term of office shall be four years.

The Inspectors shall be elected at the general meeting of shareholders and their term of office shall be three years.

When the number of Directors or Inspectors designated in the Article IX, is reduced owing to the expiration of their terms of office, their terms of office may be extended according to the Articles of Incorporation.

XII The President, Vice-Presidents and the Directors who jointly take charge of the business duties shall not be permitted to engage in other business or commercial activities. Exception to this shall be allowed when given the Government sanction.

XIII The North China Development Company shall be able to have a certain number of Counsellors.

Counsellors shall be consulted by the President.

Counsellors shall be commissioned by the President with the Government sanction.

### Chapter III Business

XIV The North China Development Company shall invest in or make a loan to the large enterprises of the following kind and shall control and co-ordinate their management;

1. Enterprises relating to traffice, transportation and harbors,
2. Enterprises relating to communication,
3. Enterprises relating to the generation and supply of electric power,
4. Enterprises relating to mining,
5. Enterprises relating to the production, sale and utilization of salt,
6. Other enterprises which require special control and co-ordination for promoting the economic development in North China.

Under special circumstances the North China Development Company itself shall be able with the Government sanction to operate the above-mentioned enterprises.

Under the order mentioned in the Section 2, Article XXV, the North China Development Company shall be able to engage in business activities other than those mentioned above which are necessary for the execution of the said order.

#### Chapter IV

##### The North China Development Bond

- XV The North China Development Company shall be able to issue the North China Development Bond to the amount ten times as large as the real value of the shares.

The North China Development Company shall be able temporarily to issue the North China Development Bond to an amount exceeding the above-mentioned limitation for the conversion of the said bond. In this case the old North China Development Bond equivalent to par value of the new issue should be refunded within a month after the new issuance.

In the issuance of the North China Development Bond there shall be no need of the resolution designated by the Article CCCXLIII of the Commerce Law.

- XVI The issuance of the North China Development Bond shall be accompanied by the Government sanction.
- XVII The Government may guarantee the refunding of the principal and the payment of interest for the North China Development Bond.
- XVIII The holder of the North China Development Bond shall have the first priority of repayment over other creditors on the property of the North China Development Company.

#### Chapter V

##### Reserve Fund

- XIX The North China Development Company must reserve in every business year more than 8 per cent of the net profit to compensate the loss of the capital, and more than two per cent to equalize the amount of the dividend.

#### Chapter VI

##### Supervision and Assistance of the Government

- XX The Government shall supervise the business activities of the North China Development Company.
- XXI When the North China Development Company wants to get a loan it should be done under the Government sanction.

XXII The alteration in the Articles of Incorporation, and the resolution of merger and of dissolution shall not be effective without the Government sanction.

XXIII The North China Development Company shall not be able to dispose of its profit without the Government sanction.

XXIV The North China Development Company should make plans for investment, loan and enterprises of its own operation in every business year, should submit the plans to the Government a month before the commencement of the business and should get the Government sanction. This also applies to the case when important changes in the plans are contemplated.

XXV The Government shall be able to give necessary order to supervise the business activities of the North China Development Company, to defend the national security, and to promote, control and co-ordinate the economic development in North China.

When the Government gives orders necessary for national defence under the above provision, the Government shall compensate, according to the provisions of the Imperial ordinance, for the losses incurred in carrying out the order.

The above-mentioned order accompanied by the Government compensation shall be permitted to be issued as far as the total sum of the compensation is not in excess of the amount approved of by the Imperial Diet.

The Government shall be able to give necessary orders to the North China Development Company to provide investment loan, lending of facilities and equipment and other necessary items for such vital enterprises as deemed essential for prosecuting the Greater East Asia War.

The second and third provisions of this Article shall be applicable to the above provision.

XXVI The Government shall commission a Supervisor of the North China Development Company who shall supervise over the business of the North China Development Company.

The Supervisor of the North China Development Company shall be able to inspect the safe, books and other documents and papers of the North China Development Company whenever he deems it necessary.



The Supervisor of the North China Development Company shall be able to give order to the North China Development Company to report its accounting and general situation of its business whenever he deems it necessary.

The Supervisor of the North China Development Company shall be able to be present at the general meeting or other conferences and to express his opinion.

XXVII When the Government finds the resolution of the North China Development Company or the conducts of its officers to be against an ordinance, procedures taken according to an ordinance, or the Articles of Incorporation, or against public welfare, the Government shall be able to cancel the above resolution or release the officer from his duties.

XXVIII The North China Development Company shall not be required to pay a dividend for the Government-owned shares until the balance to be allotted to dividend reaches the rate of 6 per cent of the paid-up value of the shares owned by persons other than the Government.

XXIX When the rate of the revenue from the investment, loan and the enterprises operated by the Company itself to the total amount of the investment, loan and capital of the above-mentioned enterprises (this will be referred to henceforth as the "Revenue rate") in each business year is less than 6 per cent a year, the Government shall give until the 12th business year the compensation amounting to the deficit until the balance to be allocated as dividend, to the limit of the sum total of the amounts mentioned in each of the following two provisions, reaches 6 per cent of the real value of the shares held by persons other than the Government:

1. That portion of the sum total of the investment, loan, and capital of the said enterprises, which is the result of the paying up of the shareholders, multiplied by the balance of the "revenue rate" subtracted from 7 per cent.
2. That portion of the sum total of the investment, loan, and capital of the said enterprises, which is the result of the revenue of the Bond (including the Bond advance), multiplied by the balance of the "revenue rate" subtracted from 5 per cent.

When the balance to be allotted as dividend in each business year is in excess of 6 per cent of the real value of the shares held by persons other than the Government, that excess amount shall be, in the first place, allotted to the refunding of the above-mentioned compensation.

The method of accounting of the income accruing from the above-mentioned investments, loans, and enterprises operated by the Company itself, the sum total of investments, loans, and the capital of enterprises operated by the Company itself that portion of the sum total which is the result of the paying in of the shareholders other than the Government, and that portion of the sum total which is the result of the revenue of the bond shall be determined by the Government order.

XXX When the balance to be allotted as dividend in each business year of the North China Development Company is in excess of the rate of 6 per cent of the real value of the shares held by persons other than the Government, if the dividend is to be in excess of 6 per cent of the real value of the said shares, that excess balance shall be divided as dividend at the rate of one to five for the value of shares held by persons other than the Government and the value of the Government-held shares until the dividend reaches a uniform rate for the paid-up value of the total shares.

XXXI The North China Development Company shall be exempted from the corporation and business taxes in the year of establishment and for the next ten years.

When the earnings or net profit of the North China Development Company is in excess of the value calculated at the rate of 10 per cent of the capital stock in each business year, the above provision shall not be applied as to those earnings or net profit which are equivalent to that excess value. Exception shall be recognized, however, in the year of establishment and for the next three years.

The method of calculating the value of the capital stock mentioned in the above provision shall be determined by the Government order.

Under the Government order the classified income tax shall not be levied on those earnings got during the period of exemption from the corporation and business taxes designated under the first provision, among the A-class earnings of dividend and interests of the North China Development Company got from the investment or loan designated under Article XIV.

XXXII Hokkaido, prefectures, cities, towns, villages or such like communities shall not be able to levy a local tax on the business of the North China Development Company during the period designated under the previous Article excepting the supertax of the business tax levied under the second provision of the above Article.

XXXIII When the North China Development Company registers its establishment, increase in capital stock, merger or paying up of shares after the second instalment, its registration tax shall be one-thousandth of the value of the paid-up shares, paid-up instalment of increased capital, or every instalment.

#### Chapter VII Penal Regulations

XXXIV When the North China Development Company should act against this Act, the order given or the procedures taken according to this Act, the President or the Vice-President who carries out the President's duties as proxy shall be fined from ¥100 to ¥2,000. When the Vice-President or the Directors should act against the above items in the business duties in their charge, the Vice-President or the Directors shall be fined the same sum as mentioned above.

#### Supplementary Rules

XXXV This Act shall be effective from the day of its pronouncement.

XXXVI The Government shall nominate an Establishment Commission and let it dispose all the business relating to the establishment of the North China Development Company.

XXAVII The Establishment Commission should draw up the Articles of Incorporation and get the Government sanction.

When the Government gives the above sanction, the Government shall have to consult the Government Investment Property Estimation Commission about the value of the property other than cash invested by the Government and the number of shares to be given for the above value.

XXXVIII Upon receipt of the above sanction the Establishment Commission should raise shareholders for the shares other than those to be allotted to the Government.

XXXIX In the letter of application for the shares the date of sanction of the Articles of Incorporation and items provided under Nos. 2, 4 and 5 of Section 2, Article CXXVI of the Commerce Law should be recorded.

XL On finishing the raising of shareholders the Establishment Commission should submit the letters of application to the Government for their inspection.

XLI After the inspection the Establishment Commission should have the first instalment paid for every share without delay.



When the above payment is finished the Establishment Commission should call without delay the inaugural meeting.

XLII In the inaugural meeting the Directors and Inspectors should be selected according to the provision of Article XI.

XLIII Upon ending the inaugural meeting the Establishment Commission should hand over its business to the president of the North China Development Company.

XLIV (Deleted)

XLV The Government shall be able to transfer without compensation the articles belonging to the Imperial Railroads Special Accounts to the Government Investment Special Accounts for the purpose of investment in the North China Development Company.

XLVI Next to the letters "Toyo Takushoku (Oriental Colonization, Bond" there shall be added "the North China Development Bond" in No. 11, Section 1, Article VI of the Registration Tax Law.

The Articles  
of  
Incorporation  
North China Development Company,  
Ltd., Inc.

Amendment:

The Article VI, at the general meeting of shareholders  
on March 29, 1939

The Sections 2 and 3, Article XXV, at the extraordinary  
meeting of shareholders on December 26, 1939

The Articles XIII, XIV, XV, XVI, XVII, XXIII, the  
Section 2 of the Article XXX, the Articles  
XXXIV, XXXV, and XLII, at the general meeting  
of shareholders on March 29, 1940

The Section 1 of the Article XVIII, the Articles  
XXXVI, the Section 1 of the Article XLII, the  
Article XLIV (added), at the general meeting  
of shareholders on March 28, 1941

The Articles III, IV, V, the Section 1 of the Article  
VIII, the Section 1 of the Article XVII, the  
Section 3 of the Article XXI (added), the Sec-  
tion 4 of the Article XXVI, the Section 2 of  
the Article XXIX (added), and the Sections 1  
and 3 of the Article XL, at the extraordinary  
meeting of shareholders on April 30, 1942.

The Section 1 of the Article XL, at the general meet-  
ing of shareholders on June 30, 1943.

Chapter I  
General Rules

Article I. This Company is established according to the  
North China Development Company Act (Kitashina Kai-  
hatsu-Kabushiki-Kaisha-Ho) and is called NORTH CHINA  
DEVELOPMENT COMPANY, LD.

Article II. The objective of this Company is to promote,  
as well as to coordinate and control, the economic  
development in North China.

Article III. The capital of this company is ¥443,000,000,

Article IV. The amount of investment of the Government shall be more than one half of the capital of this Company.

Article V. In case the number of shares in the possession of the Government is in excess of the total number of shares in the hands of persons other than the Government, the Government shall not be able to exercise the right of voting for the excess shares.

Article VI. The head office of this Company is located at Kojimachi-ku, Tokyo, and its branch offices at Kalgan, Tientsin, Tsinan, and Tsingtao.

Article VII. The public announcement of this Company is made in the Official Gazette and/or the newspapers that deal with current affairs at the place where the head office of this Company is situated.

## Chapter II The Shares of Stock

Article VIII. The number of shares of this Company is 8,860,000 and the par value of a stock is ¥50.

The shares of the Company shall be registered ones.

Article IX. The Government invests the following properties valued at ¥30,586,000 in this Company, in return to which this Company gives the Government the shares of stock in full payment numbering 611,720.

1. Railroads
2. Bridges and buildings
3. Locomotives and other rolling stocks
4. Tracks, rails, and cross-ties
5. Other railroad facilities and equipments.

Total Value: ¥30,586,000.

Article X. The share-certificates of this Company are of the following seven kinds: one-share certificate, ten-share certificate, 50-share certificate, 100-share certificate, 1000-share certificate, 10,000-share certificate, and 50,000-share certificate.

Article XI. The first payment for the shares shall be ¥12.50 for the shares in the hands of persons other than the Government, and ¥8.65 for the shares of the Government.

As to the payment for the second time and after, the President of this Company decides the amount, date and method of payment to meet the requirement of the business and notifies the shareholders of the decision at least 30 days before the date decided upon.

The manner of payment for the shares of the Government may be different from that for the other shares.

From the second time on the shares of the Government may be payable with assets other than cash.

Article XII. In case a shareholder fails to pay up the instalment by the designated date, this Company levies on him a penalty at the rate of 2 sen per ¥100 per day from the day following the designated date till the day of the payment.

Article XIII. When a shareholder or his legal agent gets possession of the share or when a pledgee or his legal agent wants to register the right of pledge, he must give notice of his name, address and seal-impression to this Company; any change in these must also be notified.

Those shareholders, pledgees or their legal agents who have not addresses or dwelling places in the Imperial territories must establish provisional addresses or agents in the territories and notify them to this Company; any change in these must also be notified.

Article XIV. When one wants to change the name of shareholder upon the transfer of the share, he must apply to this Company with a document in the form specified by this Company, bearing the names and seal-impressions of the persons concerned, to be submitted to this Company with the certificate and other documentary evidences deemed necessary by this Company. Upon the transfer by endorsement, however, only the new shareholder may apply for the change.

In order to register the right of pledge, to announce the trust property, or to cancel these, one must apply to this Company in the same way as mentioned in the preceding paragraph.



In the case of the change of shareholder's name due to his change of name, inheritance, or other causes, the same application as mentioned above must be made.

Article XV. When a shareholder wants to exchange a certificate with another of a different kind or exchange a dirtied or damaged certificate with a new one, he must apply to this Company with a written claim for exchange, submitting the said certificate therewith.

In the case of the loss of a certificate, the shareholder may apply for the re-issuance of the certificate by submitting a written claim in the form specified by this Company, together with a certified copy of the court decision for the loss.

Article XVI. The fee for the change of the shareholder's name, the registration of the right of pledge or its cancellation, or the announcement of trust property or its cancellation, is 10 sen per certificate the fee for the exchange of the certificate, or the issuance of a new certificate is 50 sen for each new certificate.

Article XVII. This Company suspends its business concerning the change of shareholder's name due to transfer of the share, the registration of the right of pledge or its cancellation, or the announcement of trust property or its cancellation, during the period from the 1st of June to the end of the regular general meeting of shareholders.

Even outside the period mentioned above, this Company, when it deems it necessary, may suspend the said business for a certain period of time after notifying thereof.

#### Chapter III General Meeting of Shareholders

Article XVIII. The regular general meeting of shareholders of this Company shall be convoked by the President in the month of June every year, and the extraordinary meeting at any time when this Company deems it necessary. The date and place of the meeting and the items to be discussed are decided by the President.

In time of war, instead of notifying to the individual shareholders, the convocation of the meeting and the items to be discussed may be announced publicly three weeks before the appointed date.

Article XIX. The President shall be the chairman of the general meeting; when the President cannot attend it, one of the Vice-Presidents shall be the chairman; and when both the President and the Vice-Presidents cannot attend, one of the Directors who have business duties shall be the chairman.

The chairmanship of the general meeting does not preclude his right of voting as a shareholder.

Article XX. The shareholder may entrust another shareholder of this Company with the right of voting. In this case he must submit to this Company a letter of attorney proving the right of representation.

Article XXI. The resolution of the general meeting shall be adopted by the majority of votes. When there are equal numbers of votes for and against the resolution, the decision of the chairman shall be depended upon.

Alterations in the Articles of Incorporation or other items needing the resolution designated by the Article CCXXIII of the Commercial Law may, in times of war, be achieved by the majority of votes of the shareholders equivalent to more than one half of the capital.

The number of votes which, as provided in Article V, cannot be exercised shall not be counted in the number of votes mentioned in the two preceding paragraphs.

Article XXII. Alterations of the Articles of Incorporation or the resolution of merger or dissolution shall not become effective without the sanction of the Government.

In time of war, following items shall not need the resolution of the general meeting:

1. Alterations of the Articles of Incorporation as to the location of branch offices due to the establishment of new branch offices, and abolition or change of locality of branch offices.

2. Transfer of a part of business valued not exceeding one-twentieth of the capital.
3. Taking over of the total business of other companies valued not exceeding one-twentieth of the capital.
4. Decision of the amount of remuneration given to the officers.

Article XXIII. The summary of the proceedings of the general meeting and its resolutions should be recorded in the minute-book, which should bear the names and seal impressions of the chairman, the Vice Presidents, Directors and Inspectors who have attended it.

#### Chapter IV Officers

Article XXIV. This Company shall have one President, two Vice-Presidents, five or more Directors and two or more Inspectors.

Article XXV. The President shall represent this Company and preside over its business.

When the President cannot attend to his duties, one of the Vice-Presidents shall act in his place, and in the case of the vacancy of the Presidency one of the Vice-Presidents shall perform his duties.

The Vice-Presidents shall assist the President and may jointly take charge of the business duties of this Company according to the President's decision.

The Inspectors shall inspect the business activities of this Company.

Article XXVI. The President and the Vice-Presidents are appointed by the Government through the Imperial sanction. Their term of office is five years.

The Directors are elected at the general meeting of shareholders and must obtain the sanction of the Government. Their term of office is four years.

The Inspectors are elected at the general meeting of shareholders and their term of office is three years.

When Directors or Inspectors become deficient in number designated in the Article XXIV due to the expiration of their terms, the term of office of those whose term has expired shall be extended to the end of the general meeting of shareholders after the expiration of the term.

Article XXVII. The President, Vice-Presidents and Directors who jointly take charge of the business of this Company shall not be permitted to engage in other business or commercial activities than those of this Company. Exception to this is when they have the sanction of the Government.

Article XXVIII. This Company can have a certain number of Counsellors.

Counsellors shall be consulted by the President.

Counsellors shall be commissioned by the President under the sanction of the Government.

#### Chapter V Business

Article XXIX. This Company invests in or makes a loan to the large enterprises of the following kind and controls and coordinates their management:

1. Enterprises relating to traffic, transportation and harbors.
2. Enterprises relating to communication.
3. Enterprises relating to the generation and supply of electric power.
4. Enterprises relating to mining.
5. Enterprises relating to the production, sale and utilization of salt.
6. Other enterprises which require special control and coordination for promoting the economic development in North China.

Under special circumstances this Company itself may operate the above-mentioned enterprises with the Government's sanction.

Under the Government's order, the Company may engage in other business activities than those mentioned above which are necessary for the execution of the Government's order.



Chapter VI  
North China Development Bond

Article XXX. This Company can issue the North China Development Bond under the Government sanction.

The issuance of the said Bond need not the resolution designated by Article CCCXLIII of the Commerce Law.

Article XXXI. This Company can issue the North China Development Bond to the amount ten times as much as the real value of the shares.

This Company can temporarily issue the North China Development Bond to an amount exceeding the above-mentioned limitation for the conversion of the said bond. In this case, this Company shall refund the old North China Development Bond equivalent to par value of the new issue within a month from the time of issuance of the new bond.

Article XXXII. The North China Development Bond shall be a bearer bond. At the request of its applicant or holder, however, it can also be a registered bond.

Article XXXIII. The holder of the North China Development Bond shall have the first priority of repayment on the property of this Company.

Article XXXIV. The provision of Section 2, Article XV, shall be applicable in the case of the loss of the North China Development Bond.

The loser of the Bond can apply for the new issuance of the Bond, with a document mentioning the reason for the application, signed and sealed by two guarantors who are deemed suitable by this Company.

Upon receipt of the above-mentioned application, this Company publicly announces the loss at the expense of the applicant, and when there is no protestation against it within 60 days, shall issue a new Bond.

Article XXXV. The provision of Article XIV shall be applicable when the change of name on the registered North China Development Bond is to be effected; the provision of Section 1, Article XV, when it is dirtied or damaged; and the provision of Article XVI to the fee concerning it.

Chapter VII  
Accounting

Article XXXVI. The business year of this Company shall begin on the 1st of April and end on the 31st of March every year.

Article XXXVII. The net profit of this Company shall be the balance of the gross loss (including the refund to the Government) deducted from the gross profit (including the Government's compensation) during a business year.

Article XXXVIII. The net profit of this Company shall be disposed of under the Government's sanction in the following way:

1. Legal reserves: More than 10 per cent of the net profit.
2. The reserve fund for the employee's retirement allowance; one per cent of the net profit.
3. The reserve fund for the tax.
4. Bonus for the officers.
5. The dividend for the shareholders.
6. Special reserve fund.
7. The balance to be carried forward to the next year.

Article XXXIX. This Company need not pay dividend to the Government-owned shares until the balance to be allotted as dividend in each business year reaches the rate of 6 per cent of the real value of the shares held by the persons other than the Government.

Article XL. When the rate of the revenue from the investment, loan and the enterprises operated by the Company itself to the total amount of the investment, loan and capital of the above-mentioned enterprises (this will be called the "revenue rate" henceforth) in each business year is less than 6 per cent a year, this Company shall receive until the 12th business year compensation from the Government amounting to the deficit until the balance to be allotted as dividend to the limit of the sum total of the amount mentioned in each of the following two provisions reaches 6 per cent a year of the real value of the shares held by the persons other than the Government:

1. That portion of the sum total of the in-

vestment, loan, and capital of the said enterprises, which is the result of the paying-up of the shareholders multiplied by the balance of the "revenue rate" subtracted from 7 per cent.

2. That portion of the sum total of the investment, loan, and capital of the said enterprises, which is the result of the revenue of the Bond (including the Bond advance) multiplied by the balance of the "revenue rate" subtracted from 5 per cent.

When the balance to be allotted as dividend in each business year is in excess of 6 per cent of the real value of the shares held by persons other than the Government, that excess amount shall be, in the first place, allotted to the refunding of the above-mentioned compensation.

The method of accounting of the above-mentioned revenue, total sum and balance shall be determined by the Government order,

Article XLI. When the balance to be allotted as dividend in each business year by this Company is in excess of the rate of 6 per cent of the real value of the shares held by persons other than the Government, if the dividend is to be in excess of 6 per cent of the real value of the said shares, that excess balance shall be divided as dividend at the rate of one to five for the value of shares held by persons other than the Government and the value of the Government-held shares until the dividend reaches a uniform rate for the paid-up value of the total shares.

Article XLII. The dividend for the shares shall be payable to the shareholders or pledgees who are registered in the Shareholders' List on the 1st of June.

The date and place of the dividend payment shall be designated by the President and they shall be notified to the shareholders or pledgees.

#### Supplementary Rules

Article XLIII. The maximum sum of the establishment cost to be borne by this Company shall be ¥150,000.

Of the above-mentioned sum the amount advanced by the Government shall be refunded to the Government.

Article XLIV. The period between the 1st of January, 1941, and the 31st of March of the same year shall be deemed as one business year and it shall be called "1940-B year" (the 15th-B year of Showa).